



## ANC's response to the consultation on the Voluntary standard

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The ANC welcomes the draft Delegated Act on voluntary standards, particularly the efforts regarding alignment with the revised ESRS and proportionality. However, we propose a few adjustments to encourage its adoption by as many companies as possible that are not subject to the CSRD.

### 1. Cap in the value chain and classification of disclosures

With the aim of enhancing the acceptability and appeal of the voluntary standard, the ANC supports the Commission's approach of setting the cap on a limited number of "necessary" data points (23) as well as introducing a proportionality threshold with even fewer data points. This approach ensures that the cap is as protective as possible bearing in mind that sustainability reports will be prepared based on the Basic module or the Basic and Comprehensive modules regardless of the cap.

In this context, the ANC invites the Commission to reconsider whether the introduction of a four-category classification of data points does not add unnecessary complexity to the Standard. The current reference in the text (and Annex II) to "necessary" data points being the cap in the value chain may be sufficient.

Also, the ANC supports the introduction of a proportionality threshold (currently proposed at 10 employees). In practice, very few undertakings <10 employees are expected to apply the VS and 10 seems too low in proportion to 1,000 employees. The ANC therefore suggests raising this threshold to 50 employees. The cap for these small undertakings should be adapted to better reflect the ESG topics: B1 except §27(e)vii, B3, B6, B8, B9, B10c and possibly C1a,b.

Finally, if the classification in categories is retained, the ANC suggests grouping the labels "voluntary" and "Consideration when reporting sector information" under the wording "optional". As the Standard is voluntary by nature, the use of the same word to qualify one category of datapoints within it creates an unnecessary redundancy and a potential source of confusion. And both categories are pretty small (6 voluntary and 4 sectoral).

### 2. Geolocation of sites

The ANC welcomes the substantial revision of §22 (omission of information). However, French undertakings still express concerns regarding the security and sovereignty implications of the data points on the geolocation of sites (§27(e)(vii)). The responsibility to assess whether such disclosure creates security risks in lights of current geopolitical context should lie on the public authorities and not on the undertakings. It is neither realistic nor proportionate to let undertakings, particularly the smallest ones decide on a site-by-site basis whether the direct access to their geolocation data "safeguards ... the security of a legal person" (relief in §22d). On the other hand, the EBA requires this information.

Therefore, the ANC suggests to exclude it from the cap for undertakings below 50 employees (see 1. B1 except §27 vii).

### **3. Further alignment with the revised ESRS**

A few sentences and terms still need to be aligned with the revised ESRS, including in the glossary. A table containing these types of comments, as well as a table on additional minor comments, are provided in the Annex.

In addition, the revised ESRS and the voluntary standard could better align their wording with the revised CSRD, as the standards currently define the value chain cap as the upper limit of sustainability information that a reporting company may require from protected undertakings in its value chain, while the Directive allows requests beyond this cap (art 19a 3°), provided that (i) the protected undertaking is informed accordingly and retains (ii) the right to refuse to provide such information.

## Annex 1 – Consistency of terms and definitions with the revised ESRS

Theme	Revised ESRS	Voluntary standard
<b>Different terms used</b>		
<b>Human rights incidents C7 §62</b>	Term used: <i>"substantiated incidents"</i>	Term used: <i>"confirmed incidents"</i>
<b>Resource use</b>	Term used: <i>"key materials"</i>	Term used: <i>"relevant materials"</i>
<b>Consideration when reporting on GHG emissions under B3 §49</b>	High climate impact sectors (HCIS)	Replace the term "SMEs" by "undertakings". Align the list of sectors with the high climate impact sectors (HCIS) regulatory list, or delete it. The current list does not fully correspond to the official list of HCIS as defined by NACE Sections A to H and Section M referred in the VS itself (§54 footnote).
<b>Turnover C5 §58</b>	"the rate of turnover of permanent employees"	Add permanent in C5 §58 <i>"The undertaking shall disclose the <del>employee</del> turnover rate of permanent employees for the reporting period"</i>
<b>Different definitions in glossaries</b>		
<b>Recordable work-related accident</b>	A work-related accident is a discrete occurrence in the course of work which leads to physical or mental harm. Such an occurrence is recordable if it results in death or more than three days of absence from work	A work-related accident is a discrete occurrence in the course of work which leads to physical or mental harm. Such an occurrence is recordable if it results in any of the following: (a) death, more than three days of absence from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or (b) significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, more than three days of absence from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
<b>Recordable work-related ill health</b>	A case of work-related ill health is any illness caused or made worse by workplace factors or caused primarily by exposure at work to a physical, organizational, chemical or biological risk factor or to a combination of these factors. Such a case is recordable if it results in death or absence from work	A case of work-related ill health is any illness caused or made worse by workplace factors or caused primarily by exposure at work to a physical, organisational, chemical or biological risk factor or to a combination of these factors. Such a case is recordable if it results in any of the following: (a) death, absence from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or (b) significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, absence from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
<b>Pay</b>	The ordinary basic or minimum wage or salary and any other remuneration, whether in cash or in kind which the worker receives directly or indirectly ('complementary or variable components'), in respect of his/her employment from his/her employer. 'Pay level' means gross annual pay and the corresponding gross hourly pay. 'Median pay level' means the pay of the employee that would have half of the employees earn more and half less than they do.	The ordinary basic or minimum wage or salary and any other remuneration, whether in cash or in kind which the worker receives directly or indirectly ('complementary or variable components'), in respect of his/her employment from his/her employer. 'Pay level' means gross annual pay and the corresponding gross hourly pay.

**Terms defined in the ESRS glossary, not defined in the VS glossary**

<b>Climate change mitigation</b>	The process of reducing GHG emissions and holding the increase in the global average temperature to 1.5°C above pre-industrial levels, in line with the Paris Agreement.	No definition. ESRS definition should be added in VS glossary
<b>Reuse</b>	Any operation by which products or components of products that are not waste are used again for the same purpose for which they were conceived. This may involve cleaning or small adjustments, so it is ready for the next use without significant pre-processing.	No definition. ESRS definition should be added in VS glossary
<b>Scope 3 GHG emissions</b>	All indirect GHG emissions (not included in Scope 2 GHG emissions) that occur in the value chain of the reporting undertaking, including both upstream and downstream emissions. Scope 3 GHG emissions can be broken down into Scope 3 categories.	No definition. ESRS definition should be added in VS glossary
<b>Waste</b>	Any substance or object which the holder discards, intends to discard, or is required to discard (see Directive 2008/98/EC of the European Parliament and of the Council on waste).	No definition. ESRS definition should be added in VS glossary
<b>Water discharge</b>	The sum of effluents and other water leaving the boundaries of the undertaking and released to surface water, groundwater, or third parties over the course of the reporting period.	No definition. ESRS definition should be added in VS glossary
<b>Water stress</b>	The ability, or lack thereof, to meet the human and ecological demand for water. Water stress is an inclusive concept that considers several physical aspects related to water resources, including water availability, water quality, and the accessibility of water (i.e. whether people are able to make use of physically available water supplies), which is often a function of the sufficiency of infrastructure and the affordability of water, among other things.	No definition. ESRS definition should be added in VS glossary

**Terms singular in ESRS, plural in VS**

<i>Action</i>	<i>Actions</i>
<i>Circular economy principle</i>	<i>Circular economy principles</i>
<i>Consumer</i>	<i>Consumers</i>
<i>End-user</i>	<i>End-users</i>
<i>Target</i>	<i>Targets</i>

## Annex 2 – Other comments on the Voluntary Standard

Theme	Reference	Proposed adjustment
Objective	§1(a)	Reintroduce the reference to large undertakings' needs for selecting responsible suppliers.
Objective	§1(c)	Add the governance dimension alongside the environmental and social dimensions as governance is a relevant topic for large undertakings. Delete the illustrative examples ("i.e. environmental and social challenges such as pollution, workforce health and safety") to keep the wording neutral.
Principles	§10(b)	Add explicitly governance issues <i>"Depending on the type of activities carried out by the undertaking, the inclusion of additional information (metrics and/or narrative disclosures) not covered in this Standard is <b>may be</b> appropriate in order to disclose sustainability information regarding issues that are common in the undertaking's sector..."</i>
Additional information	§12	
Inclusion of subsidiaries in the reported data	§16-§17	Delete the confusing §17 (which appears inconsistent with the voluntary nature of the Standard) and merge it into §16 by adding, at the end of the paragraph: <i>"in such a case, subsidiary undertakings do not need to prepare a sustainability report"</i>
Omission of information	§22(d)i	Delete <i>"for points (d) and (e) under disclosure B1 pursuant to paragraph 27"</i> which creates confusion regarding the scope of the omission mechanism rather than clarity.
Omission of information	§22	The last paragraph of §22 on the conditions to use the reliefs is too requiring for a voluntary standard and should be limited to "necessary information": <i>"The undertaking may only omit <b>necessary</b> information under the first subparagraph if it meets all of the following conditions:</i> - <i>for each datapoint omitted, the undertaking discloses the fact that it has used this exemption and</i> - <i>the undertaking reassesses at each reporting date whether the information may still be omitted"</i>
B1 - Basis for preparation	§28	Move information relating to ESG labels and certifications to disclosure B2 (more consistent with policies and actions than with basis for preparation).
B3 - Energy	§32	Distinguish between fossil / nuclear / renewable sources (instead of renewable / non-renewable) for alignment with the ESRS.
B4 - Pollution	§34	Mention "environmental accidents" on top of emissions of pollutants.
B10 - Remuneration,	§42(a)	Move the minimum wage data point to the comprehensive module as it is more relevant for larger undertakings.
C4 - Climate risks	§56(d)	Limit information on adaptation actions to physical risks (climate-related hazards), as adaptation actions are not related to transition events that are rather addressed within the transition plan (mitigation).
VS as common framework for requests for sustainability information		The ANC suggests to strengthen the role of the Voluntary Standard as the common framework for sustainability information requests for all stakeholders by starting the Delegated Regulation "Whereas" number 4) by the following sentence: <i>"The voluntary standard is essential as the common framework for sustainability information requests for all stakeholders in Europe."</i>
Additional voluntary datapoints for large undertakings out of CSRD scope		Add voluntary datapoints to obtain the necessary data set for companies with more than 250 employees that have been excluded from the CSRD scope by Omnibus I. This would reduce multiple questionnaires from data providers or users of ESG data. For instance, the 6 current voluntary datapoints could be complemented by 6 other voluntary datapoints such as Total energy consumption, Range of financial resources planned to achieve GHG emission reduction targets, Percentage of employees that participated in regular performance and career development reviews, Annual total remuneration ratio of the highest-paid individual to the median, Responsibilities of the management of sustainability issues, Description of the responsible procurement policy.